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MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

DEC 16 2015

Mr. George L. Piantka
Director, Regulatory Environmental Services
NRG Energy, West Region
5790 Fleet Street
Carlsbad, CA 92008

Dear Mr. Piantka:

INFORMATION REQUIREMENTS FOR MANDALAY BAY GENERATING STATION

On November 30, 2010, the State Water Resources Control Board's (State Water Board) Executive Director sent a letter requiring the submittal of an Implementation Plan (Plan) by April 1, 2011. The letter outlined mandatory information for the Plan, including actions for compliance with the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling [OTC] Policy). Since the final compliance by October 1, 2015 was not feasible, interim mitigation measures must be identified in the Plan. Due to the current uncertainty with the conditions identified in implementation plans previously submitted from the OTC power plants with a near-term compliance deadline, further information and data input is necessary to conduct grid reliability analysis to determine the impact on local and system reliability.

Pursuant to the OTC Policy and California Water Code section 13383, the State Water Board requires that NRG Energy (NRG) provide the most current information for Mandalay Bay Generating Station (Mandalay), updated from the previously-submitted Plan (See attachment).

Please note that a compliance date extension request requires an amendment to the OTC Policy. If and when circumstances that require an extension occur, NRG must submit a formal request for State Water Board consideration of an amendment to the compliance date set forth in the OTC Policy, along with supporting documentation. Please allow adequate time for the State Water Board to process a request. The State Water Board requires a minimum of one year to process an OTC Policy compliance date deferral request.

Submission of the requested information is required no later than 60 days from the date of this letter.

Should you have any questions on this matter please feel free to contact Mr. Jonathan Bishop, Chief Deputy Director, at (916) 341-5820 Jonathan.Bishop@waterboards.ca.gov or Dr. Maria de la Paz Carpio-Obeso, Chief of the Ocean Standards Unit, at (916) 341-5858 MarielaPaz.Carpio-Obeso@waterboards.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Thomas Howard". The signature is written in a cursive style with a large initial "T".

Thomas Howard
Executive Director

Attachment:

MANDALAY BAY GENERATING STATION (MANDALAY)

1. The following is the State Water Board's current understanding of the proposed mechanism to bring each unit into compliance:

Mandalay Units 1 and 2 (215 megawatts (MW) each) are scheduled to retire by December 31, 2020. In an April 23, 2015, letter to the State Water Board, NRG confirmed its pursuit of Track 1 compliance for Units 1 and 2 via replacement with the 262 MW simple-cycle Puente Power Project (P3) using dry cooling technology at the Mandalay site. The project was selected as one of the successful bidders for gas-fired generation in the Moorpark sub-area to meet local capacity requirements in accordance with California Public Utilities Commission Decision D.13-02-015.

NRG is in the process of securing environmental permits from the California Energy Commission (CEC) and Ventura County Air Pollution Control District (VCAPCD) for P3. NRG submitted an Application for Certification (AFC) Docket NO. 15-AFC-01, to the CEC on April 15, 2015, and an Authority to Construct application was submitted to the VCAPCD on March 19, 2015. Applications were deemed data adequate on June 10, 2015, and May 28, 2015, respectively. Although agency assessments are not yet complete, NRG previously stated in its April 23, 2015, letter that its analysis concluded that a federal Prevention of Significant Deterioration permit is not required and it holds sufficient NOx emission reduction credits to offset the replacement project.

Please respond to the following questions and requests for information:

1. Is P3 on track to achieve commercial operation by June 1, 2020? If not, what is the updated schedule?
2. In May 2015, the City of Oxnard extended its ordinance placing a moratorium on new or expanded generation in the Coastal Zone until June 20, 2016, while the Oxnard Local Coastal Program plan is being updated to address sea level rise and other issues. Does NRG plan to evaluate any other alternative sites to replace retired capacity at Mandalay? Please explain.
3. CEC siting documents for P3 indicate the City of Oxnard disagrees with NRG regarding federal Prevention of Significant Deterioration (PSD) applicability for NOx, PM_{2.5}, and Greenhouse Gas emissions. VCAPCD does not have delegation authority from United States Environmental Protection Agency (U.S. EPA) to issue PSD permits and recommends that NRG seek a PSD applicability determination from U.S. EPA Region 9. Please provide a status update on any action it has taken to resolve this issue, including whether a PSD applicability determination request was submitted to U.S. EPA Region 9; the timing for that determination; and, the conclusions of the determination, if finalized.